January 30, 1998

**By Hand**

Mary L. Cottrell, Secretary
Department of Public Utilities
Leverett Saltonstall Building
100 Cambridge Street
Boston, MA 02202

**Re: Massachusetts Electric Company's and Nantucket Electric Company's Comments on the Department's Notice of Inquiry/Rulemaking; D.P.U./D.T.E. 96-100**

Dear Secretary Cottrell:

Massachusetts Electric Company and Nantucket Electric Company (collectively "Company") respectfully submit the following comments to the Department's Notice of Inquiry/Rulemaking in the above-captioned docket. Under separate cover and in conjunction with Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, Eastern Edison Company, Fitchburg Gas and Electric Company, and Western Massachusetts Electric Company, we are concurrently submitting a copy of the regulations, marked to show our proposed changes.

In general, we support the proposed regulations, and suggest the following revisions:

Low-income Customer Tariff (220 C.M.R. 11.04(5)

We propose adding a provision in paragraph (a) requiring Low-income Customers to be served by standard complete billing service. Thus, the Distribution Company would send Low-

income Customers one bill for both distribution and generation service. Standard complete billing for these customers will be administratively easier for both the Low-income Customer and the Distribution Company, and is not detrimental to the Competitive Supplier. The Low-income Customer will only have to pay one bill. The Distribution Company will be able to track payments and either pass payments on to the Competitive Supplier or make payments to the Competitive Supplier pursuant to the Distribution Company's obligation to guarantee payment. Because the Competitive Supplier will receive payment for service, either from the Low-income Customer or because of the payment guarantee, the Competitive Supplier will not be prejudiced by complete billing. The Distribution Company will be in a better position, however, to be paid for service and to monitor its exposure for payment guarantees.

We also propose modifying paragraph (e) to make clear that the Low-income Customers referred to are those on the Low-income Customer Tariff, as in the rest of the provisions in this section. With this change, the obligation of the Distribution Companies to guarantee payment will be explicitly limited to those Customers who are on the Low-income Tariff.

Farm Discount (220 C.M.R. 11.04(6)

The proposed regulation provides for a ten percent rate reduction for those Customers who are engaged in the business of agriculture or farming, as defined pursuant to G.L. c. 128, § 1A. We recommend that the Department outline objective criteria by which the Distribution Companies can ensure that a Customer is entitled to a Farm Discount, similar to the process for low income eligibility. This objective criteria will enable the Distribution Companies to give

Customers the discount without conducting an independent investigation as to a Customer's eligibility. Mass. Electric suggests that tax forms such as federal form 1040-F and Massachusetts form ST-12, or a verified reply from Massachusetts application form CL-1, be used as objective criteria.

Net Metering (220 C.M.R. 11.04(7)(d)

We recommend deleting this provision in its entirety and addressing it as part of a comprehensive review of the Department's qualifying facility rules in light of electric industry restructuring. The Department's proposed net metering provision would effectively increase in the size of generation facilities eligible for net metering from thirty kilowatts as currently specified in the Department's regulations, 220 C.M.R. §8.04(2)(c), to sixty kilowatts. Expanding the eligibility of generators for net metering is neither required by the Restructuring Act[1] nor consistent with the policy objective of assuring that costs are not unfairly shifted to residential customers as a result of industry restructuring. The proposed regulation risks shifting significant costs over time from commercial customers that elect to install on-site generation to other distribution customers. It would also decrease the accuracy of the supplier load estimation process, distort the economics among generation alternatives in the market, and create a conflict

[1]The Act does provide that if the utility and Department have received at least a six months notice of the customer's plans to install on-site cogeneration equipment or to purchase electricity through cogeneration equipment, a customer that reduces purchases of electricity through the operation of, or purchases from, on-site generation or cogeneration equipment shall not be subject to an exit charge if the customer reduces purchases through the operation of, or purchases from, an on site generation or cogeneration facility of 60 kilowatts or less which is eligible for net metering. G.L. c. 164, §1G(g).

with the Department's existing regulations.

Massachusetts Electric Company is currently preparing a filing on these issues that it plans to submit to the Department following March 1, 1998. Should the Department desire, Mass. Electric would be pleased to address the net metering issue as part of that upcoming filing. The Department should not, however, revise its existing eligibility criteria for net metering in this docket as part of the regulations needed to implement retail access on March 1, 1998.

Standard Offer Service (220 C.M.R. 11.04(9)(b)2.(d)

As written, a customer may opt out of a public aggregation within 180 days from initial service to the customer and return to Standard Offer Generation Service. We recommend editing this provision to make clear that a customer may only return to Standard Offer Generation Service within 180 days of being enrolled with the Public Aggregator.

This revision would bar customers who take service first from a Competitive Supplier and then a Public Aggregator from returning to Standard Offer Generation Service. It would also bar customers from opting out of service from the Public Aggregator for a period of time in order to receive Standard Offer Generation Service, taking service from the Public Aggregator, and then returning to Standard Offer Generation Service. Customers might want to return to Standard Offer Generation Service whenever the market price exceeds the Standard Offer Generation Service price. If customers are allowed to return to Standard Offer Generation Service, it will harm the development of the market and put a future risk on the Distribution Company and its Customers. To serve Customers returning to Standard Offer Generation Service, the Company

would be required to buy power at market prices, causing the Company to underrecover its expenses and pass them on to its distribution customers.

Conducting business with unlicensed entities (220 C.M.R. 11.05(5)

As written, the regulations bar Distribution Companies, Competitive Suppliers, and Electricity Brokers from engaging in any kind of business whatsoever with unlicensed Competitive Suppliers and Electricity Brokers. We recommend that this language be modified so that Distribution Companies, Competitive Suppliers, and Electricity Brokers may not engage in business activities with unlicensed entities only if those business activities are of a kind regulated pursuant to 220 C.M.R. 11.00. If the business activity is not regulated, then the Distribution Companies, Competitive Suppliers, and Electricity Brokers would be able to conduct business with the unlicensed entities.

Information Disclosure Requirements (220 C.M.R. 11.06)

The Company supports the comments on information disclosure filed today by New England Power Company.

Thank you very much for the opportunity to comment.

Very truly yours,

Thomas G. Robinson
Amy G. Rabinowitz
Attorneys for Massachusetts Electric Company and Nantucket Electric Company